

Rep. Joseph R. Pitts
Opening Statement
Energy and Commerce Committee
Hearing on “The Consequences of Obamacare: Impact on Medicaid and State
Health Care Reform”
March 1, 2011

Thank you, Mr. Chairman.

Right now, states across the nation are struggling to balance their budgets and reduce costs without sacrificing the quality of care for their current Medicaid enrollees.

Many states have already made deep cuts trying to achieve balanced budgets.

But under the Maintenance of Effort (MOE) provisions in Obamacare, if a state takes any action that makes eligibility for Medicaid more restrictive than the standards in effect for the state’s program as of March 23, 2010, that state could lose all federal funding.

If states can’t change their eligibility criteria, governors are left with little flexibility and few choices but to cut payments to providers or cut other parts of the state budget, for instance education and transportation, in order to maintain federal Medicaid spending.

What does this look like for my home state of Pennsylvania?

In an oped on USA Today.com, Pennsylvania Governor Tom Corbett today wrote, “Pennsylvania’s Medicaid program, for example, has seen steady, unsustainable increases in the number of people it serves and the cost of those services. The Keystone State’s Medicaid budget is growing at nearly 12 percent a year, while the Commonwealth’s general revenues have grown by just 3 percent a year. It is a trend that simply cannot continue, but one that will be unavoidable as long as inflexible federal rules guide state policies.”

A May 2010 Kaiser Family Foundation report found that by 2019, Pennsylvania’s Medicaid rolls may grow by an additional 682,880 people and may cost the state an additional \$2.041 billion over the 2014-2019 time period.

To put into perspective what this increased Medicaid spending looks like to folks back home in the 16th Congressional District, \$2.041 billion roughly equals the entire budgets of Pennsylvania's Departments of:

Agriculture, Community and Economic Development, Conservation and Natural Resources, Environmental Protection, Health, Insurance, Labor and Industry, Military and Veterans Affairs, Probation and Parole PLUS the entire budgets of the State Police, Attorney General's office, the Legislature, and the Judiciary.

Many of our governors , including Governor Gary Herbert of Utah and Governor Haley Barbour of Mississippi, who are with us today, have already spoken out and asked the Secretary of Health and Human Services to relieve them of some of the restrictive healthcare-related federal mandates, including the Maintenance of Effort provisions.

The responses they have received have not been encouraging.

I look forward to hearing from our witnesses today and learning firsthand what the impact of Obamacare will be on state Medicaid programs and other state health programs.

I am also interested in hearing their ideas to provide access to quality care to greater numbers of people, while keeping costs under control.

Thank you, I yield back.